

Message Text

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DRAFTED BY OFFICE OF GENERAL COUNSEL/WLWHITSET

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TO AMEMBASSY LONDON PRIORITY

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EXCON

E.O. 11652: N/A

TAGS: ESTC, UK

SUBJECT: INFOMAG

FOR UNDERWOOD CUSTOMS ATTACHE

1. OFFICE OF THE GENERAL COUNSEL (WHITSETT) REFERS TO THE TELEPHONE CONVERSATION OF MARCH 4 CONCERNING THE NEED FOR AN AFFIDAVIT FROM GEOFFREY HOLDEN FOR USE IN THE ADMINISTRATIVE COMPLIANCE PROCEEDINGS BROUGHT AGAINST INFORMATION MAGNETICS CORPORATION, WE HAVE REVIEWED THE STATEMENT OF WITNESS PREPARED BY MICHAEL F. KNOX FOR HOLDEN. WE ARE IN NEED OF A STATEMENT IN AFFIDAVIT FORM SIGNED AND SWORN TO BY HOLDEN WHICH COVERS AND VERIFIES THE RESPONSES MADE BY HOLDEN TO KNOX. THE FOLLOWING DRAFT AFFIDAVIT COVERS THE IMPORTANT STATEMENTS MADE BY HOLDEN. WE BELIEVE THAT IT ACCURATELY AND FAIRLY REPRESENTS HIS STATEMENTS TO KNOX. THE DRAFT AFFIDAVIT SHOULD BE DELIVERED TO HOLDEN FOR EXECUTION IN A FINAL FORM. THE AFFIDAVIT MUST BE SIGNED AND SWORN TO BEFORE A U.S. CONSULAR OFFICIAL. IT SHOULD BE EXPLAINED TO HOLDEN THAT WHILE WE FEEL THE DRAFT ACCURATELY

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PORTRAYS HIS STATEMENT TO KNOX IF THERE ARE ANY CORRECTIONS,

CHANGES OR ADDITIONS (SUCH AS FURTHER FACTS WHICH RELATE TO THE DELIVERY OF THE R1100 HEADS AND PARTS TO BULGARIA) HE DESIRES, HE MAY MAKE THEM TO REFLECT THE EVENTS TO THE BEST OF HIS KNOWLEDGE AND BELIEF. HOWEVER, THE FINAL AFFIDAVIT SHOULD COVER ALL THE POINTS COVERED IN THE DRAFT.

SINCE TIME IS OF THE ESSENCE, THE EXECUTED AFFIDAVIT MUST BE TRANSMITTED TO US SO AS TO BE IN OUR POSSESSION BY MONDAY MORNING, WASHINGTON TIME, MARCH 10. THE ACTUAL DOCUMENT MAY BE SENT BY ANY METHOD WHICH WILL ASSURE SUCH DELIVERY. PLEASE ADVISE US BY TELEPHONE AS TO DEVELOPMENTS AND WHAT METHOD OF SHIPMENT TO US IS BEING USED.

2. AFFIDAVIT IS AS FOLLOWS:

3. AFFIDAVIT OF KEITH GEOFFREY HOLDEN.

4. IN THE MATTER OF INFORMATION MAGNETICS, INC., ET AL. BEFORE THE UNITED STATES DEPARTMENT OF COMMERCE, FILE NO. 28(74)-1.

5. I, KEITH GEOFFREY HOLDEN, BEING DULY SWORN, DO HEREBY DEPOSE AND SAY, THAT THE FOLLOWING IS TRUE TO THE BEST OF MY KNOWLEDGE:

6. I AM THE MANAGING DIRECTOR OF GRESHAM INFOMAG LIMITED, WEYBRIDGE, SURREY, ENGLAND, A WHOLLY-OWNED SUBSIDIARY OF THE INFORMATION MAGNETICS CORPORATION (INC.), GOLETA, CALIFORNIA USA. I HELD THIS POSITION DURING ALL TIMES MENTIONED IN THIS DEPOSITION.

7. ON OR ABOUT MARCH 12, 1974, DURING A PHONE CALL FROM DANIEL L. GILLUM, MANAGING DIRECTOR OF INFOMAG AND PRESIDENT OF INFORMATION MAGNETICS CORPORATION, WHO WAS CALLING FROM BULGARIA, I WAS ASKED BY MR. GILLUM HOW MANY R 1100 FLYING HEADS WE HAD IN STOCK. THE R 1100 FLYING HEADS ARE THE SAME AS THE 2311 TAPE HEADS. I WAS ASKED FOR INVENTORIES OF PARTS AND 2311 HEADS AND GAVE THIS INFORMATION TO MR. GILLUM OVER THE PHONE. MR. GILLUM TOLD ME TO SHIP THE HEADS TO THE BULGARIANS VIA THE BULGARIAN EMBASSY FOR UNCLASSIFIED

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SUBSEQUENT DELIVERY TO ISOTIMPEX IN BULGARIA.

8. ALTHOUGH I TOLD THE PEOPLE WHO WERE IN CHARGE OF THE STOCK OF HEADS ON HAND TO PACK THE HEADS AND SHIP THEM TO THE BULGARIAN EMBASSY FOR SHIPMENT TO ISOTIMPEX, I THOUGHT THIS PROCEDURE WAS HIGHLY IRREGULAR. I TOLD MR. GILLUM SAID TO ME ON SEVERAL OCCASIONS BY TELEPHONE FROM BULGARIA AND AFTER HIS RETURN, "THESE ARE U.S. GOODS, NO PROBLEM,

IT CAN BE HIDDEN." I WAS NOT FULLY AWARE OF ALL OF THE IMPLICATIONS OF THE SHIPMENT AT THE TIME MR. GILLUM INSTRUCTED ME TO DELIVER THE HEADS AND OTHER EQUIPMENT TO THE BULGARIANS BUT I KNEW IT WAS WRONG. I DID NOT MAKE AN INVOICE SHOWING THAT THE HEADS AND PARTS WERE SOLD TO ISOTIMPEX AT THE TIME OF SHIPMENT; BECAUSE, SINCE I KNEW IT WAS WRONG, PROBABLY ILLEGAL, I HAD TO THINK ABOUT WHAT TO DO.

9. THE ACCOUNTANT FOR THE COMPANY TOLD ME IT WAS ILLEGAL TO DISPATCH GOODS IN THIS MANNER WITHOUT AN EXPORT LICENSE. ALSO, BRIAN MITCHELL, CONTRACTS MANAGER FOR GRESHAM, PUT A NOTE INTO THE COMPANY FILES TO THE EFFECT THAT THE TRANSACTION WAS ILLEGAL. THEREFORE, I DECIDED TO DISCLOSE THE TRANSACTION AND THAT THERE SHOULD BE AN INVOICE. HOWEVER, STEVE SIMONS, VICE PRESIDENT FOR EUROPEAN SALES, AND MR. GILLUM DIRECTED THAT AN INVOICE FOR THE SALE SHOULD NOT BE ISSUED. I POINTED OUT TO THEM THAT PAYMENT SHOULD GO ON THE BOOKS TO GRESHAM, AS THE HEADS AND PARTS WERE SHIPPED BY GRESHAM.

10. AFTER THE MARCH 12 SHIPMENT, I RECEIVED VARIOUS FURTHER INSTRUCTIONS WHICH I DID NOT FOLLOW. FOR EXAMPLE, I HAD PRESSURE FROM MR. GILLUM TO MAKE FURTHER IMPROPER SHIPMENTS TO BULGARIA, BUT I REFUSED TO DO SO. ALSO, MR. GILLUM REQUESTED ME TO GO TO THE BULGARIAN EMBASSY TO OPEN A BANK ACCOUNT, WHICH I REFUSED TO DO. THE PURPOSE OF THE ACCOUNT WOULD HAVE BEEN TO ENABLE REMITTANCE OF APPROXIMATELY 108,000 DOLLARS FOR THE SHIPMENT MADE TO BULGARIA TO BE MADE WITHOUT DISCLOSURE, AND FOR USE OF THE MONEY BY THE COMPANY IN BULGARIA. I ASKED THE COMPANY LAWYERS ABOUT SUCH A BANKING TRANSACTION, AND THEY TOLD ME THAT UNDER EXCHANGE CONTROLS AND BANK OF ENGLAND REGULATIONS IT WOULD BE ILLEGAL TO PROCEED WITH IT.

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TIONS IT WOULD BE ILLEGAL TO PROCEED WITH IT.

11. I LATER SAW THAT THE BULGARIAN SHIPMENT HAD BEEN INVOICED BY INFOMAG FROM THE UNITED STATES: I SAW THE INVOICE, NO. SCS1001, DATED JUNE 19, 1974, TO ISOTIMPEX FOR 108,905 DOLLARS AND 70 CENTS. I REFUSED TO CERTIFY GRESHAM'S ACCOUNT BOOKS AS BEING CORRECT. I FELT THAT THE BOOKS SHOULD REVEAL THE PROBLEM OF THIS ILLEGAL SHIPMENT BECAUSE OF CONTINGENT LIABILITIES AND PENALTIES WHICH COULD BE IMPOSED.

12. THE 2311 HEADS AND PARTS DELIVERED TO THE BULGARIAN EMBASSY WERE OF UNITED STATES-ORIGIN AND/OR TECHNOLOGY.

13. SIGNATURE BY KEITH GEOFFREY HOLDEN

14. SUBSCRIBED AND SWORN TO BEFORE ME ON THE DAY OF
MARCH 1975 AT , UNITED KINGDOM.

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